

Message Text

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ACTION EUR-12

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C O N F I D E N T I A L USNATO 0647

E. O. 11652 GDS
TAGS: MARR NATO TU
SUBJECT: COMMERCIAL SALES BY US FIRMS TO TURKEY
IN RELATION TO NATO INFRASTRUCTURE PROJECTS

1. THE US FIRM ELECTRONIC SPACE SYSTEMS CORP. (ESSCO) HAS INFORMED THE MISSION THAT THEY HAVE BEEN TOLD BY THE STATE DEPT NOT TO SHIP ANY GOODS TO TURKEY. WHEN THEY INQUIRED IF THE BAN ALSO APPLIED TO NATO-RELATED ORDERS, THEY WERE TOLD THAT THE SAME RESTRICTIONS DID INDEED APPLY.
2. MOD TURKEY HAS AWARDED TO ESSCO A CONTRACT FOR TWO RADOMES ON A NATO INFRASTRUCTURE CONTRACT DESIGNED TO PROTECT NADGE RADARS. ORIGINALLY, MOD TURKEY HAD DISQUALIFIED ESSCO ON TECHNICAL GROUNDS. MISSION DECLARED A BID DISPUTE AND, AFTER ARBITRATION, THE PAYMENTS AND PROGRESS COMMITTEE AGREED TO QUALIFICATIONS OF ESSCO BID. UPON OPENING OF ESSCO BID AND THAT OF THE NORWEGIAN RIVAL, SELCO, MOD DECLARED ESSCO THE WINNER. NORWEGIAN DELEGATION PROTESTED ON THE BASIS OF ESSCO PRICE ESCALATION PRIOR TO SIGNATURE OF CONTRACT, AND HAS ONLY RECENTLY WITHDRAWN THAT PROTEST. ESSCO IS THEREFORE THE SUCCESSFUL BIDDER.
3. CONDITIONS OF THE CONTRACT CALL FOR DELIVERY OF RADOMES
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IN 15 MONTHS. CONTRACT CALLS FOR FORFEITURE OF BID BOND IF ESSCO FAILS TO DELIVER. IN VIEW OF INFORMATION ESSCO HAS RECEIVED FROM STATE DEPT, THEY ARE RELUCTANT TO SIGN THE CONTRACT, EVEN THOUGH DELIVERY IS NOT REQUIRED UNTIL MID-1976. ESSCO HAS REQUESTED FROM

MISSION A FIRM POLICY DECISION TO INDICATE THAT NATO CONTRACTS SUCH AS THEIRS WHICH DO NOT INVOLVE CALASSIFIED MATERIALS, US MILITARY AID, OF MILITARY SALES CASES, ARE NOT SUBJECT TO THE RECENT STATUTES AND THAT CONSEQUENTLY ESSCO WILL BEGRANTED AN EXPORT LICENSE AT THE APPROPRIATE TIME.

4. MISSION WOULD HOPE THAT CURRENT TURKISH SITUATION WILL HAVE CHANGED PRIOR TO TIME DECISION REQUIRED IN THE ESSCO CASE. WE FORESEE, HOWEVER, OTHER SUCH CASES WHICH WOLD AFFECT THE ABILITY OF US FIRMS TO BID ONNATO CONTRACTS IN TURKEY. IT APPEARS USEFUL, THERFORE, TO HAVE A DECISION CONCERNING THIS TYPE OF CASE WITHOUT DELAY. REQUEST DIRECT CONTACT BETWEEN THE DEPARTMENT AND ESSCO (OLD POWDER MILL ROAD,CONCORD, MASS., PHONE 617-369-7200) IS EFFORT TO PERMIT ESSCO SIGNATURE OF THE THRUKISH CONTRACT. ALSO REQUEST THAT MISSION BE INFORMED OF DECISION MADE. BRUCE.

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